



## *2004 ANNUAL REPORT*



BOLFOR II PROJECT  
THE NATURE CONSERVANCY  
CUARTO ANILLO ESQ. AVENIDA 2 DE AGOSTO  
SANTA CRUZ DE LA SIERRA, BOLIVIA



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## **Introductory note**

This document is the first annual report on the activities and accomplishments of the BOLFOR II project. It summarizes the project's progress and discusses the challenges that the project has encountered. We solicit the comments and suggestions of USAID regarding the organization and content of this report. Any change that will improve the effectiveness of our reporting is welcome.

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## **I. BACKGROUND**

In accordance with agreement 511-A-00-03-00200-00, signed on September 30, 2003, The Nature Conservancy (TNC) is leading the development and implementation of BOLFOR II, a new phase of the Bolivia Sustainable Forest Management Project. This six-year project, funded jointly by USAID/Bolivia and TNC, is promoting sustainable forest management and economic development in Bolivia's lowlands. The project's two principal goals are to increase benefits to Bolivian communities from natural forest management and improve business practices that support increased forestry exports. BOLFOR II's activities are organized into six main project elements: (1) policy support; (2) institutional support; (3) community-based natural forest management; (4) communications; (5) improved forest management and business practices in the private sector; and (6) facilitation of forest exports. The project is based in La Paz and Santa Cruz and has five field offices located in the forest areas of Ixiamas, Pando, Chiquitos, Guarayos, and Velasco.

BOLFOR II is implemented by TNC in partnership with four Bolivian and international non-governmental organizations: Centro Amazónico de Desarrollo Forestal (CADEFOR), Centro para Programas de Comunicación Bolivia (CPC), Tropical Forest Trust (TFT), and South-East Consortium for International Development (SECID). Each partner receives a sub-award for the implementation of their work. These sub-awards are administered by TNC. Additional sub-agreements have been made with three other Bolivian non-governmental organizations (NGOs): Fundación José Manuel Pando (FJMPANDO), Instituto Boliviano de Investigación Forestal (IBIF), and Consejo Boliviano para la Certificación Forestal Voluntaria (CFV).

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## II. ANNUAL OVERVIEW

Over the past year, the BOLFOR II project evolved through a period of start-up and transition to implementation. In this initial period of the project, BOLFOR II established a large program of technical support for several key government agencies, provided direct technical assistance across five field offices to nearly twenty communities, and promoted the export of forest products from fourteen companies through offices in Bolivia and Europe. Along the way, the project established new partnerships and consolidated its staff across four main partner organizations: The Nature Conservancy (TNC), Tropical Forest Trust (TFT), South East Consortium for International Development (SECID), Amazonian Center for Forest Development (CADEFOR), and Center for Communication Programs Bolivia (CPC). As the project enters 2005, it is well positioned to promote forest management and policy, public awareness and support for forestry, and the commercial operations and success of Bolivian producers domestically and abroad.

BOLFOR II began its activities as the original BOLFOR project concluded. The transition between these different projects included a concerted effort by BOLFOR II staff to inform a wide variety of government and civil society groups about the new project. Through dozens of presentations and meetings in rural and urban settings, project staff informed public and private stakeholders of the project's scope and approach, and explored the needs and opportunities for collaboration. BOLFOR II's new approach includes an emphasis on the promotion of self-sufficiency that involves a reduction of direct outside subsidies for communities' forest management plans and certification for industrial companies. This change has required these stakeholder groups to alter their expectations and become more proactive. The growing positive impact of BOLFOR II has helped to engender an acceptance of the project's approach and encourage participation by stakeholders.

During its first year, the project invested significant time in establishing new working relationships with communities, companies, and the project's formal and informal partners. One of the main events in which this was pursued was a participatory workshop organized in July 2004 with the Vice Ministry of Natural Resources and the Environment (VRNMA). This meeting informed a wide range of actors within the forestry sector about the project and served as an opportunity to exchange ideas about how to better promote the sector and address its many challenges. Throughout the year, the project's philosophy and principal messages reached an increasing number and diversity of individuals, organizations and institutions through its communications products and services such as the monthly bulletin, weekly news bulletin, and fairs held in rural and urban settings.

As the year progressed, BOLFOR II established productive working relationships with a growing number of non-governmental organizations, forestry projects, and Bolivian and US government offices and agencies. Collaboration with the private sector in Bolivia, particularly industrial actors, was organized through commercial chambers and associations such as the Forestry Chamber of Bolivia. International organizations with which the project collaborated include the Wildlife Conservation Society (WCS) and the Swedish project PRINS, which is located within Bolivia's Forest Superintendency. The support and participation of the US Forest Service in the

BOLFOR II project benefited numerous initiatives within the project, most notably technical workshops on the design, construction, and maintenance of forest roads. Several partner organizations of the BOLFOR II Project, including CADEFOR, TNC, and SECID participated in the first Latin American Regional USAID Forestry Forum, held in Bolivia in April 2004. The project's partners also played an active role in a regional forum on approaches to marketing lesser-known species that was held in Bolivia sponsored by the US State Department's regional environmental office.

At the initial stages of the project it was important to develop a baseline of knowledge on social, economic, and environmental issues that could help the project and USAID to better understand the impact of the project and the forestry model that it promotes. A groundbreaking study documenting household incomes and income diversification strategies initiated in 2004 will allow the project to tailor its interventions to optimize benefits for forest dependent communities. To begin addressing the gender dimensions of forestry, the project undertook an extensive baseline study in the rural areas where it is operating. This has provided an unprecedented perspective on the attitudes and perceptions of local women towards forestry, how communities use income from the sale of timber, how local forestry associations influence the participation of women, and how the coinciding periods of agricultural and forestry activity affect the responsibilities of men and women. These data sets and analyses are starting to help guide the project's strategies and interventions that are aimed at increasing the benefits and social equity of forestry development.

During 2004, the project also launched a biodiversity monitoring system that studies the impacts of commercial forestry on biodiversity in three forest types where BOLFOR II is promoting forest management. This system is tracking the impact of different levels of forest management activity on amphibian populations and important tropical bird species. BOLFOR II designed the biodiversity monitoring methodology in collaboration with the US Forest Service and contracted the Bolivian Forestry Research Institute (IBIF) to carry out the field work. This study is expected to provide the project and the forest sector with new and definitive data on the biodiversity implications of the forestry activities currently promoted in Bolivia.

Financial and technical support to key government agencies during 2004 helped the key public institutions of the forestry sector to improve their effectiveness and productivity. BOLFOR II's financial assistance to the Forest Superintendency enabled it to maintain some essential regulatory functions and respond to specific urgent problems, such as outbreaks of illegal logging. In the case of the project's policy support to the Vice Ministry of Natural Resources and the Environment (VRNMA) of the Ministry of Sustainable Development (MDS), the project has contributed to the development of technical norms, resolutions, and most significantly, the addition of almost 537,000 hectares to municipal forest reserves.

Over the past year, BOLFOR II developed a variety of initiatives to promote the access of Bolivian forest products producers to national and international markets and attract new investments for the sector. This component of the project ultimately seeks to improve the economic viability of the sector. The most notable aspect of these efforts was the establishment of a group of fourteen Bolivian forest products producers known as the BOLFOR Group. The BOLFOR Group received considerable and growing interest from timber purchasers in Europe

and is expected to play an important role in the growth of Bolivian exports in the European market during the coming years. It also represents a significant and innovative way to organize the export promotion work of the project.

During the second half of 2004, BOLFOR II undertook a participatory planning process to set long-term objectives and define the goals and activities of the project for the coming year. This process involved extensive consultations with public and private institutions and local stakeholders and culminated with workshops involving representatives of the Forestry Chamber of Bolivia, the Forest Superintendency, the MDS, and USAID. Planning for the community-based natural forest management component of the project was particularly extensive and participatory. This “bottom-up” process started with community level workshops with local beneficiary groups, including indigenous communities, in all of the lowland forest regions where the project is active. As a result of this process, the project’s yearly goals and activities reflect many of the priorities and needs of the forestry sector’s diverse stakeholders. The planning process and the lessons learned from 2004 should assure that the accomplishments of the BOLFOR II project reported herein continue to grow and that the achievement of the project’s objectives are secured over the long-term.

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### III. BOLFOR II PROGRAM ELEMENTS

#### ***Program Element 1: POLICY SUPPORT***

During 2004, BOLFOR II's policy component worked with diverse private sector stakeholders and government offices and ministries to strengthen forest policy, improve the standing of forest resource issues within the Bolivian government, and increase the efficiency and effectiveness of the regulatory processes. The project made notable contributions to the legal and technical capacity of Bolivian government agencies and ministries, particularly the Vice Ministry of Natural Resources and the Environment (VRNMA) of the Ministry of Sustainable Development (MDS) and the National Agrarian Reform Institute (INRA). In the VRNMA, the project helped to develop technical norms, resolutions, and decrees designed to improve and expand local forest resource management and address natural resource conflicts. The project's work with the MDS in 2004 contributed to an increase in the area of forest available to municipalities and local forest users. By contracting dozens of professionals to work with INRA on its efforts to clarify land tenure, the project also improved the Bolivian government's ability to resolve land conflicts in forested areas and designate more lands for forest management in the near future.

Throughout 2004, BOLFOR II worked to facilitate coordination between government institutions and other key forestry sector institutions through planning workshops and regular meetings. The project's reactivation of the Technical Forestry Committee (*Comité Técnico Forestal*) is notable in this regard. This committee brings together many of the key institutions from the forestry sector in an open and dynamic forum for dialogue and coordination. The strengthening of the forest regime has been the primary focus of this type of collaboration, but BOLFOR II's efforts to promote coordination between key stakeholders have also addressed emerging threats. When the Bolivian government sought to reduce its budget by merging the Forest Superintendency and the Agriculture Superintendency, BOLFOR II project staff quickly consulted with key stakeholders and developed a collective strategy for discouraging the merger. This included informing Bolivia's president and other policy makers of the negative implications that such a merger would have for the national forestry regime.

With Bolivian government ministries facing austerity measures, cutbacks in staffing, and low morale due to months of unpaid wages, the technical and financial support provided by BOLFOR II bolstered the Government's capacity to address urgent forestry challenges at a critical moment. The project provided much needed financial infusions to INRA, VRNMA, and the Forest Superintendency by channeling funds to them from the Government's PL-480 program. Austerity measures adopted by the Bolivian government in the first quarter of the year complicated and delayed disbursement of these funds. After 10 months of concerted effort by project staff and USAID, the transfer of these funds was finalized. The time invested by key project staff, to facilitate the transfer of the PL-480 funds was significant, amounting to three months of full-time work. This unforeseen demand on project staff time and its impact on substantive aspects of the project's work and established goals is a major factor to be considered in analyzing the costs and benefits of direct involvement in PL-480 fund management.



The legal and technical support provided by BOLFOR II to the VRNMA helped augment its institutional capacity and increase the efficiency of several of its key functions. BOLFOR II is playing a key role in accelerating the administrative processes that are required for the growth of community-based forestry in the lowlands of Bolivia. During 2004, project staff members worked closely with the VRNMA to hasten the review and approval of applications for the expansion of municipal forest reserves, the legal recognition of local forestry enterprises (ASLs), and the distribution of forest concession rights to ASLs. The project also provided expert assistance to the VRNMA in its development of much needed technical regulations and presidential decrees governing forest resource use. Likewise, project staff members worked closely with the VRNMA to revise and update the national forest policy framework, adapting existing policies to the VRNMA's priorities and the current needs of the sector.

The allocation of more than a half a million hectares of forestland to municipal forest reserves (AFRMs) in 2004 was one of the most notable accomplishments of the MDS and the BOLFOR II project. This was the first increase in the area of municipal forest reserves since July 2001. The stagnation of the growth of the municipal forest reserves over the past several years constituted a bottleneck in the forest regime that inhibited the distribution of forest use rights in the form of concessions to small local forestry enterprises such as ASLs. Limited options for granting new forest concessions to ASLs in AFRMs are believed to have contributed to the unregulated use of forest resources. To address this bottleneck and hasten the approval of additional areas for AFRMs, the project's policy team worked with the VRNMA to draft legal reports and ministerial resolutions for new areas. In the last half of 2004, the project's steady collaboration with the VRNMA bore fruit with the addition of almost 537,000 hectares to the municipal forest reserves (table 1).

<b>Table 1. Area designated as municipal forest reserves (AFRM's) in 2004</b>				
<i>Department</i>	<i>Municipality</i>	<i>Ministerial Resolution</i>	<i>Date</i>	<i>Area (hectares)</i>
Santa Cruz	San Ignacio	441	12/31/04	109,136.19
Santa Cruz	Concepción	440	12/31/04	237,101.73
Santa Cruz	Roboré	445	12/31/04	13,471.27
Santa Cruz	Yapacaní	439	12/31/04	143,554.77
Santa Cruz	Santa Rosa del Sara	133	06/09/04	33,666.34
				<b>TOTAL: 536,930.30</b>

In order for the VRNMA to consider more forestlands for the AFRMs, the National Institute of Agrarian Reform (INRA) must first clarify land tenure rights over additional forestlands. Without legally available forestlands, the expansion of AFRMs cannot go forward. In 2004, BOLFOR II began working intensively with INRA to strengthen its capacity and effectiveness in resolving land tenure problems. During the year, growing social tensions and demands for land by *campesino* groups in the northern Bolivian Amazon caused INRA to alter its annual work plan. This adjustment led the BOLFOR II project to expand the scope of its planned activities to include support for land tenure clarification (*saneamiento*) in the Department of Pando.

**Table 2. Land tenure clarification (*saneamiento*) work carried out by INRA with the support of BOLFOR II during 2004.**

<b>Department of Santa Cruz</b>
<ul style="list-style-type: none"> <li>• 94 Final Resolutions of <i>Saneamiento</i> (land tenure determination) written, including 56 Administrative Resolutions and 38 Supreme Resolutions.</li> <li>• 1 Declaratory Resolution of Area <i>Saneada</i> for polygon 3 of the El Choré Forest Reserve.</li> <li>• 121 properties registered in INRA's land tenure database (<i>Sistema de Información Catastral - SIST</i>).</li> <li>• 25 properties sent to the Agrarian Superintendency for "crisis factor" appraisal.</li> <li>• Archival documents reviewed and collected for polygons 050, 052 (Municipality of Roboré), 004 (Municipality of San Ignacio) and 003, 004, 005, 006, 007 and 008 (Municipality of San Miguel).</li> <li>• Report on precision measurement prepared for polygons 050, 052 (Municipality of Roboré), 004 (Municipality of San Ignacio) and 003, 004, 005, 006, 007 y 008 (Municipality of San Miguel).</li> <li>• Notification of 23 Final Resolutions of <i>Saneamiento</i> of polygons 004 (Municipality of San Ignacio) and 003, 004, 005, 006, 007 and 008 (Municipality of San Miguel).</li> <li>• Notification of 5 resolutions determining prices for properties in polygon 050 (Municipality of Roboré).</li> </ul>
<b>Department of Pando</b>
<ul style="list-style-type: none"> <li>• 233 Final Resolutions of <i>Saneamiento</i>.</li> <li>• 214 resolution reports for polygons 01, 07 and 08.</li> <li>• 55 properties registered in INRA's land tenure database (<i>Sistema de Información Catastral -SIST</i>) del INRA.</li> <li>• Legal technical reports and files concluded and reviewed for 162 properties in polygons 01, 07, and 08.</li> <li>• Appraisal requests for 112 properties in polygons 01, 07, 08 sent to the Agrarian Superintendency.</li> <li>• Public hearings carried out on the results of 128 properties in polygons 07 and 08.</li> <li>• Field evaluations carried out in polygon 04.</li> <li>• Notification of 48 Final Resolutions of <i>Saneamiento</i> for multiple polygons.</li> <li>• 1 Declaratory Resolution of Area <i>Saneada</i> for polygon 13 and areas affected by legal controversies in polygon 03.</li> </ul>
<b>Department of La Paz</b>
<ul style="list-style-type: none"> <li>• 1 resolution emitted determining priority areas for <i>saneamiento</i>.</li> <li>• Archival documents collected for 46 cases of the National Council of Agrarian Reform.</li> <li>• Public campaign carried out.</li> <li>• Field evaluations carried for 15 properties (including properties that were, measured, abandoned, and prior to Law 1715). Corresponding reports submitted to the INRA office of the Department of La Paz.</li> </ul>

In July, the BOLFOR II project hired two full-time professional staff to support INRA, and after months of delay in the disbursement of PL-480 funds the project contracted an additional staff of 44 technicians and professionals to advance the Institute's field work in defining land tenure. With this cadre of experts and technicians addressing the necessary legal and technical procedures and processes, the project has revitalized INRA's capacity to address land tenure

issues and helped fill a void that was created in December 2003, when the Institute lost 70-80% of its staff. The project is playing a central role in facilitating INRA's work and thus is helping to set the groundwork for the continuing expansion of the municipal forest reserves.

Once INRA has determined forestlands to be free of land rights and the MDS has officially designated these forest areas for AFRMs, small local forestry enterprises (ASLs) have the opportunity to receive forest use rights in the form of concessions. In recent years, however, the relatively slow processing of concession applications from ASLs has restricted the growth of local forest management and thus limited the resource accessibility that distinguishes the national forest regime. In response, the BOLFOR II's policy team provided legal and technical assistance to the VRNMA, accelerating the review and approval of new forest concessions. The result was the approval of concessions totaling over 187,000 hectares. These were the first new concessions to be approved for ASLs in over two and a half years (table 2). The expansion of the municipal forest reserves mentioned above and the ongoing legal and technical work of the BOLFOR II project within the MDS will permit the allocation of new forest concessions to ASLs in the near future.

<b>Table 2. Forest concession areas approved for ASLs (<i>Agrupaciones Sociales del Lugar</i>) in 2004</b>					
<i>Department</i>	<i>Municipality</i>	<i>ASL</i>	<i>Ministerial Resolution</i>	<i>Date</i>	<i>Area (hectares)</i>
Santa Cruz	San José	El Boquí	446	12/31/04	34,603.5
Santa Cruz	San José	El Cedro	446	12/31/04	30,904.4
Santa Cruz	San Ignacio	Guapomó	448	12/31/04	45,025.5
Santa Cruz	San Ignacio	ACIA	448	12/31/04	29,950.3
Santa Cruz	San Ignacio	ASAI	448	12/31/04	27,069.5
Santa Cruz	Concepción	Puerto Alegre	447	12/31/04	19,995.6
					<b>TOTAL: 187,548.8</b>

Another central area of BOLFOR II policy work during 2004 was its collaboration with the VRNMA on technical norms and decrees. The project worked with the General Forest Directorate (DGDF) on drafting new norms and decrees as well as reviewing and revising existing regulations. Improving or facilitating the implementation of these norms and decrees is another on-going area of the project's support to the VRNMA. Examples include collaboration with the DGDF on the development of technical norms for the management of Brazil nut harvesting areas in the northern Bolivian Amazon and assistance provided to the DGDF and National Protected Areas Service (SERNAP) in developing a technical norm for natural resource harvesting in private areas within national parks.

The urgency of land disputes in the northern Amazon of Bolivia led the Bolivian government to develop the Supreme Decree (DS) 27572. Throughout the year the project provided support to the VRNMA in multiple stages of policy development and implementation. It is worth noting that the José Manuel Pando Foundation (FJMPANDO)—a BOLFOR II project partner—played

an important supporting role in facilitating this policy work in Pando. The project's involvement included assistance in the analysis of land use and tenure conflicts, the development of the legal solutions, and the drafting of rules and regulations for the implementation of the decree. One of the central features of the implementation is the creation of the Commission for Conciliation Arbitration and Conflict Resolution (Comisión de Conciliación, Arbitraje y Resolución de Conflictos – CCARC), the body that is tasked with resolving land conflicts in the region. BOLFOR II staff members played an active role in establishing the CCARC and provided necessary logistical support for its initial activities.

During 2004, the forestry sector witnessed a resurgence of illegal logging in Bolivia. The project's activities addressing this problem were limited, but planning was carried out to intensify and broaden efforts to address this serious threat to the forest regime and conservation. BOLFOR II staff began working on a proposal for the Bolivian government's creation of procurement policies and practices that favor the purchase and use of legally produced wood in government projects. In order for the project and USAID to have greater moral authority in advocating such policies to the Bolivian government and amongst international cooperation agencies and donors, the project requested the collaboration of USAID in developing and implementing a procurement policy for the use of legally produced wood in projects funded by USAID/Bolivia. In 2005, a broader range of activities organized under several of the project's component areas will be developed to address the illegal logging problem.

### ***Program Element 2: INSTITUTIONAL SUPPORT***

In addition to BOLFOR II's efforts to build the capacity and effectiveness of the MDS and INRA which are explained in the preceding pages, the project initiated a program for improving the technical capacity and financial sustainability of the Forest Superintendency and the Bolivian Forest Research Institute (IBIF). As in the case of the MDS and INRA, the project channeled funds from the Bolivian government's PL-480 program to the Superintendency, and thereby provided a mechanism for critical funding during a year when budget shortfalls and austerity measures hampered many government institutions.

BOLFOR II's institutional support for the Forest Superintendency is designed to fortify the Superintendency's regulatory capacity, improve its financial security, safeguard its credibility, and ensure effective and transparent administration. The Bolivian government's fiscal situation in 2004 forced many public institutions to reduce their operating costs. Financial restrictions were unjustly imposed on the Superintendency considering that it does not rely on congressional appropriations. Nonetheless, the Superintendency complied with the Government's requirements admirably. In light of these pressures and the increasing demands of forest users and an apparent rise of illegal logging activities, the financial and technical support of BOLFOR II is particularly important.

During 2004, the most notable aspect of the project's support to the Superintendency was direct financial assistance. The training activities that were originally offered to the Superintendency in 2004 were rescheduled for 2005 in accordance with consultations between BOLFOR II and the PRINS project (Proyecto de Reingeniería Institucional). This will allow these activities to form part of the institutional restructuring process being developed by PRINS. Coordination between

BOLFOR II and PRINS, which is motivated by a mutual interest in optimizing the resources and impacts of these projects, became increasingly dynamic as the year progressed.

The financial assistance provided to the Superintendency in 2004 covered the cost of fuel and spare parts for field vehicles and thereby enabled the Superintendency to maintain some essential regulatory functions in the field. The project also created an emergency fund that permitted the Superintendency to respond rapidly to specific urgent problems. With this fund the Superintendency was able to mobilize personnel in the municipality of San Ignacio when forest fires erupted and to confiscate illegally logged timber in the municipality of Ixiamas (Department of La Paz). Financial assistance to the Superintendency, including the emergency fund, will continue in 2005. It will be partially guided by a financial sustainability study that will be undertaken in 2005 to identify the institution's financial needs and possible additional sources of income.

BOLFOR II's support for the development of technical and administrative excellence within new institutions is most evident in the assistance provided to the Bolivian Forestry Research Institute (IBIF), the other principal beneficiary of the institutional support program. The main purpose of supporting IBIF is to ensure that solid scientific information is produced to inform forest users about management and guide policy. In 2004, financial and technical support to IBIF allowed it to continue its research activities and better position itself as a research institute. IBIF was able to continue monitoring its large forest research plots in the forest concessions of INPA Parket Ltda., Sagusa S.R.L., and Empresa Agroindustrial La Chonta Ltda., as well as smaller plots dedicated to growth and yield studies. It also permitted IBIF to carry out field courses for indigenous communities and companies through which it imparted silvicultural recommendations that have resulted from studies carried out in its research plots.

During 2004, IBIF became increasingly recognized throughout the country as a point of reference in the area of forestry and research. It developed agreements and forged cooperation on forestry research projects and issues with several organizations and private companies, and diversified the scope of its research, services, and funding. Through links established with BOLFOR II experts from the South East Consortium for International Development (SECID), IBIF established new working relationships with universities in the US and other research institutions. These new contacts and relationships established through the project should help IBIF diversify its overseas relationships, which are now primarily with European institutions.

BOLFOR II specialists in institutional strengthening assisted IBIF during the year by identifying steps for improving its communications and fundraising capacity. During each quarter of 2004, IBIF prepared funding proposals for previously un-tapped potential sources of financing. At the beginning of 2004, BOLFOR II's financial support represented less than 5% of IBIF's yearly budget, but with the growth and diversification of funding sources during the year, this figure rose to over 44%.

BOLFOR II's commitment to and increasing confidence in IBIF's technical capacities, earned IBIF an expansion of the current sub-award to include the implementation of a biodiversity monitoring system in three forest types where BOLFOR II is active. The methodology and plan for the system were designed collaboratively with experts from the US Forest Service/CATIE

(Centro Agronómico Tropical de Investigación y Enseñanza) and TNC. The implementation of the system provides IBIF with greater exposure to new ideas in the field and additional experts. Perhaps more importantly, it gives the IBIF additional funding and an opportunity to expand its core activities beyond silvicultural research. By helping to expand its functions, diversify its services, and expand its international contacts, BOLFOR II is helping IBIF to appeal to other potential partners and clients and develop greater long-term sustainability.

### ***Program Element 3: COMMUNITY-BASED NATURAL FOREST MANAGEMENT***

The project's community-based natural forest management component, also known as the community forestry component, provides technical assistance and training to *Agrupaciones Sociales del Lugar* (ASLs) and indigenous community forestry enterprises from five field offices in the municipalities of San Ignacio del Velasco, San José de Chiquitos, Ascención de Guarayos in the Department of Santa Cruz, Ixiamas in the Department of La Paz, and the Department of Pando. The extension activities in this component developed principally during the second half of 2004, while during the first half of the year the project undertook studies of potential beneficiary groups and developed a novel baseline study of the gender dimensions of forest-based community development. The timing of the commencement of field activities in this component was also contingent on the approval of BOLFOR II's environmental assessment which remained pending well into the third quarter of the year.

Prior to establishing its regional offices, project partner CADEFOR carried out an analysis of the communities and local forest enterprises that could potentially benefit from the project's community forestry activities. Upon establishing the regional offices in San Ignacio, San José, Guarayos, and Ixiamas, project staff from CADEFOR carried out field visits and held participatory workshops with local producers such as indigenous communities and ASLs in order to introduce the project and explain the scope and methodology of assistance. These activities served to identify the project's initial beneficiary groups and to determine their needs and requests for assistance.

Throughout the year the project worked to identify its beneficiary groups and establish assistance agreements with them. Because BOLFOR II does not offer the kind of direct operational subsidies to which community forestry enterprises were accustomed, some local forest users were initially skeptical of the potential value of the project and thus were slow to solicit or accept BOLFOR II's support. In at least one case, formal agreements were held up by local fears that formal technical assistance agreements would imply stricter regulation of their operations. By the end of 2004, however, the project (through CADEFOR and FJMPANDO) had established technical assistance agreements with six ASLs and numerous indigenous communities.<sup>1</sup> The project's emphasis on promoting self-sufficiency has required local organizations to become more proactive and less dependent on direct outside subsidy.

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<sup>1</sup> Agreements with indigenous communities were in most cases established through umbrella organizations that cover multiple local communities. The project found it necessary for some communities to work within the clearly defined parameters of these assistance agreements and to have the formal consent and endorsement of their umbrella organizations or even municipal governments.

During the gap in community forestry assistance between the conclusion of the original BOLFOR project and the initiation of BOLFOR II's field activities, some local forest user groups became frustrated by the lack of support. This forced many local groups to be more proactive and industrious in organizing their commercial activities and forest management operations for 2004. When the project's regional offices were established, ASLs and other local forest users were busy initiating or intensifying their seasonal forest operations. The project's regional offices responded by assisting these groups in identifying business opportunities with domestic and international wood buyers, reviewing contracts, and planning forest operations. As the local benefits of these and subsequent activities became clearer to local forest users and the project began producing tangible results, a growing number of local forest users began to visit the project's regional offices to enquire about or request assistance.

Strengthening the organizational structure of the community forestry enterprises is another priority area for the project. During 2004, the project's field offices worked with numerous community forestry enterprises to review and revise their statutes and regulations or their manuals of procedures. This involved identifying and recommending the most appropriate kind of business organization for each group and promoting the relevant changes to their statutes and internal regulations for each option. Through workshops the regional offices made a concerted effort to inform ASLs and indigenous forestry enterprises of the legal options and responsibilities related to the different types of companies that are recognized by the commerce code and their corresponding responsibilities under the tax code and the Forest Superintendency. The project determined that the current legal and tax requirements of the commerce and tax codes make it difficult for the ASLs and indigenous forestry enterprises to organize and legally define themselves as different types of companies.

During 2004, the project's regional offices offered technical assistance and training to community forestry enterprises in a wide range of areas. Direct assistance was provided to groups in administrative processes and procedures such as basic accounting, bookkeeping, and business administration. Project staff helped several ASLs to update years of accounting records. Numerous user groups received courses in forest management techniques and procedures including the directional felling of trees, the bucking, sorting, and grading of logs, forest censuses, and the preparation of forest management plans. Forest management specialists from the regional offices operated by CADEFOR and FJMPANDO assisted local user groups in the evaluation and revision of their forest management plans, annual operational plans, and annual operations reports.

The work that the project has done to promote commercial relations between wood buyers and the ASLs and indigenous community forestry enterprises produced notable results in 2004. In several cases, local project staff members helped facilitate unique new business relationships between ASLs and international companies. In the Chiquitano dry forest region, the ASL El Cedro signed contracts for the sale of a lesser-known timber species to the Dutch-owned company INPA Parquet. Further to the southeast, the project facilitated the sale of timber from the ASL Roboré to the German company ESPEN AG. In the latter case, the project helped to secure necessary operational capital for the ASL so that these novel international contracts could be fulfilled and international confidence in the commercial competence of ASLs bolstered.

In addition to the availability of operational capital, one of the main factors affecting the financial viability and economic sustainability of the ASLs is the timber sale price that they are able to obtain in contract negotiations. During 2004, the project made significant efforts to strengthen the negotiating position of local forest users by providing them with essential market intelligence and assistance with contract negotiations. One important step was to improve the accessibility of reliable timber price data for local user groups like ASLs by making regularly updated timber price information available on the BOLFOR II website. The project also provided local users with information on the cost of forest management services such as log loading and transportation. This will allow communities to better calculate business costs and improve negotiations. To help ASLs and indigenous forestry enterprises to better market their timber and negotiate their contracts with greater anticipation, the regional offices have organized data on the species and annual volumes that they can offer in 2005.

The BOLFOR II project is particularly concerned with the way that the growth of forestry in Bolivia's lowlands affects the roles, rights, and responsibilities of women in forest-reliant communities. Accordingly, the project's community forestry component implemented a novel baseline study of the distribution of decision-making authority, economic benefits, and responsibilities within households and communities. The baseline study produced valuable data on community demographics, the attitudes and perceptions of local women towards forestry, how communities use income from the sale of timber, how local forestry associations influence the participation of women, and how the coinciding periods of agricultural and forestry activity affect the productive responsibilities of women.

Initial results show an increase in the participation of women in forestry, particularly newly formed forest enterprises where other projects and institutions explicitly emphasized gender issues in the past. Nonetheless, the participation of women in the leadership and administration of these enterprises is limited due to many factors. These data will allow the project to develop policy recommendations and design its extension work so that communities may more equitably benefit from and participate in the forest-based development. However, addressing the socio-organizational and functional problems of the ASLs and indigenous forestry enterprises will likely require additional efforts by field staff to manage social and organizational conflicts within these groups.

The baseline study was implemented with training courses and then through participatory workshops in three indigenous communities in San Pedro (Ixiamas), Cururú (Guarayos), and Exaltación (Pando), and in the ASL El Cedro (San Ignacio de Velasco). The methodology used for this study was developed in collaboration with the Wildlife Conservation Society (WCS), one of the many local, national, and international groups with which the project is coordinating its actions. The project is making an effort to share the methodology and results of this study with other organizations through these workshops, presentations in major cities, and the BOLFOR II website.

Through the baseline study workshops, BOLFOR II trained local people, project staff from its regional offices, and personnel of other non-governmental organizations in the collection of demographic and socioeconomic data with a gender focus. Results from the study were shared with the communities in question through meetings, workshops, and the distribution of



documents summarizing the study's findings. These same findings provided invaluable inputs to the 2005 planning process.

Many conservation organizations and forestry projects have identified the importance of addressing the impact of forestry on household and community gender dynamics, but few have gone so far in integrating a gender perspective into their research, planning, and operational activities. The establishment of the gender baseline in 2004 marked the beginning of BOLFOR II's efforts to address the traditional gender biases of forest-based economic development in Bolivia. BOLFOR II's pioneering approach to promoting this often overlooked aspect of social equity in the Bolivian forest sector will continue in 2005.

The project is complementing the gender baseline study with a groundbreaking study of family-level incomes in forest-reliant communities that the project supports. The study aims to survey nearly all the families in the communities and ASLs directly supported by BOLFOR II. During the last quarter of 2004, the project developed and pilot tested the methodology and surveys for this study in San Miguel de Velasco, in the Chiquitanía. Numerous other institutions and organizations that are interested in development strategies and approaches in rural and indigenous communities contributed to the development of the study, including WCS, CIPCA, and CIFOR. The survey results will establish a baseline for income in the communities where the project is working most intensively and will allow the project to measure its impact, particularly the income benefits of forest development in rural communities.

In October and November, the project undertook a highly-participatory planning process that involved a majority of the communities and ASLs with which it will work most intensively during 2005. Through this collaborative process BOLFOR II staff and local groups considered progress made to date, identified problems, and prioritized activities and needs for the future.

#### ***Program Element 4: COMMUNICATION***

During 2004, the BOLFOR II project carried out a wide range of activities as part of six-year strategy to increase the profile of the forest-based economic development within Bolivian society and government and to improve public understanding of many forest related issues. These initial efforts included the creation of a national inter-institutional communications committee for the forestry sector, the distribution of electronic bulletins, technical communications assistance to organizations and institutions, and the organization of the project's participation in public events.

Among the most important achievements of the project's communications component in 2004 was the organization of an inter-institutional communications committee for the Bolivian forestry sector. The committee began coordinating actions of diverse institutions with the purpose of increasing the impact of communications activities, promoting more efficient use of communications resources, and more effectively organizing the forest sector's response to threats and opportunities. Around twenty public and private institutions joined the committee during 2004, which met regularly following its establishment in June.

Among the committee's most notable accomplishments of 2004 was the organization of a two-day forestry field tour for nearly two dozen representatives of news agencies, television and

radio stations, magazines, and newspapers. The main purpose of the field visit was to improve the media's knowledge of forest management concepts, the Bolivian forest regime, the broad social, economic, environmental benefits of forest management, and the potential role of forestry in the sustainable development of the nation. The immediate impact was the publication of numerous articles and the broadcasting of news and special interest stories on the visit and its principal messages. This trip—the first of a series of field visits for media organizations and national leaders—involved the participation of government ministries and offices, private industry, several NGOs, and local indigenous communities.

In September 2004, the inter-institutional communications committee coordinated the joint participation of BOLFOR II's partner organizations, the Forestry Chamber of Bolivia, and the Forestry Superintendency in a stand at EXPOCRUZ 2004, Bolivia's largest trade fair. This unique joint effort between the private and public sector and non-governmental organizations presented wood products and non-timber forest products and a model of the forest production chain to the public. The stand received a number of distinguished leaders and opinion makers including President Carlos Mesa.

One of the priorities for the communications component in 2004 was to carry out baseline study of public perceptions and knowledge of forestry issues. The baseline study was designed to facilitate the evaluation of the project's communications initiatives and guide efforts to improve the knowledge and attitudes of rural communities and influential social groups towards forest issues and forestry institutions. In the first stage of the study, the project focused on gauging the current state of knowledge and attitudes of rural people in over a dozen municipalities in the departments of Santa Cruz, La Paz, and Beni. During the fourth quarter, the project surveyed journalists from television, radio, and the written press as well as three dozen authorities from Congress, government ministries and agencies, universities, chambers of commerce, and professional associations.

Independently of the inter-institutional communications committee, BOLFOR II participated in several popular environmental fairs during the year. In January 2004, BOLFOR II participated in Bolivia's second annual forest sector fair known as EXPOFOREST. During the following months, the project's communications staff participated in Environment Day fairs in the cities of Santa Cruz and La Paz, the *Feria Ecológica* in the city of Santa Cruz, and the *Feria de Desarrollo Sostenible* in the town of Yapacani. Through these events, BOLFOR II promoted broader knowledge of forest management concepts and the social, economic, and environmental benefits of forestry through interaction with hundreds of Bolivians of various generations.

Part of BOLFOR II's communication strategy involves facilitating communication and dialogue on forest issues in order to give Bolivian society a new perspective and better appreciation for the social, cultural, and economic importance of local forest stewardship. A central feature of this effort during 2004 was the implementation of Photovoice, a participatory methodology that is used by the project to help rural communities to identify, evaluate, and express their views on forest resources through their own words and photography. With the collaboration of four of BOLFOR II's partner organizations, the project implemented Photovoice in six communities in the departments of Santa Cruz, Pando, and La Paz. This work produced a traveling exhibit of community photography and testimonials that began visiting each of the six participating

communities. In 2005, a professional exhibit of the Photovoice experience will visit public places in Bolivia's main cities, introducing local forest resource issues to a wide public audience through the eyes and words of local peoples.

During 2004, BOLFOR II's communications component created a number of products and tools for disseminating information on forestry and the project. These include a monthly bulletin entitled *Bosques Trabajando* (*Working Forests*) in electronic and printed formats and a weekly summary of media coverage of forestry and environmental issues. The project's website allows the national and international public to view these products as well as forest policy materials, forestry sector market intelligence, and results from the project's communications and gender baseline studies. These communications services and resources together with the targeted forestry field tours have led journalists and media organizations to consider BOLFOR II to be a dependable and authoritative source for forestry information.

During the last quarter of 2004, several project partners collaborated on the development of the project's media campaign, which will be launched in 2005. Entitled, "*Porque el bosque nos da más de lo que creemos*" ("Because the forest gives us more than we think") the campaign will be comprised of four radio spots and four television spots that promote public recognition of Bolivia's forest resources, forest management, and the benefits of forest-based development.

#### ***Program Element 5: FOREST MANAGEMENT AND BUSINESS PRACTICES***

The improved forest management and business practices component promotes changes in forest management and operations that facilitate lower impact logging, increase primary and secondary production, and reduce costs in the production of timber and non-timber forest products. By addressing bottlenecks in production and technological limitations this component aims to address many of the factors that limit the competitiveness of Bolivian producers and ultimately inhibit their success in national and international markets.

Many of this component's first year activities were oriented to diagnosing problems and limitations and identifying solutions and opportunities for forest management, operations, and resource processing. Several initial studies by experts from project partner SECID assessed the forest sector's wood drying capacity and its wood processing industry. Additionally, these consultants also provided technical assistance to companies in Santa Cruz, El Alto, and Cochabamba. As the year ended, the project prepared the results of a survey of professional foresters, public officials, and forest users that should guide the project's work during the near future. Survey data identified weak links in the use and regulation of basic forest tools and practices such as the development and application of forest management plans.

Within the context of this component, the project reviewed and provided expert recommendations on several technical norms under development by the Vice Ministry of Natural Resources and the Environment (VRNMA) of the Ministry of Sustainable Development (MDS). Among the draft regulations that benefited from technical review of the project were the proposed technical norm for the management of the Brazil nut resource in the northern Amazon of Bolivia and the regulation for the extraction of natural resources in areas within protected areas that the national parks service (SERNAP) designates for such purposes.

In the latter part of the year, the project organized workshops, courses, and meetings to address specific forest management and operations challenges. Local forest users, industrial companies, and representatives of NGOs participated in a five-day workshop on the design, construction and maintenance of forest roads that was organized by BOLFOR II with the support of and collaboration of the US Forest Service. Many of the better forest management practices promoted by BOLFOR II were incorporated into instructional posters that will be produced and distributed in 2005. These posters cover the construction and maintenance of forest infrastructure, low impact tree-felling and skidding, and log loading and tracking.

As the year concluded, the orientation of this component was adjusted to focus almost exclusively on industrial companies and forest users. In some cases, this component is working with the same companies that are receiving assistance in the area of export and investment promotion.

### ***Program Element 6: EXPORTS***

During 2004, BOLFOR II developed a variety of initiatives and activities to attract new investments to the forest sector and promote the access of producers of Bolivian forest products to national and international markets. The project's main focus in this sense is to facilitate the growth of Bolivian exports to European markets, where a relatively strong demand for certified wood products makes Bolivia producers particularly competitive.

A central feature of the project's efforts to promote investments and market access was the creation of the BOLFOR Group, a select group of fourteen Bolivian forest products companies. The project began promoting these companies' products in Europe and the United States through the Tropical Forest Trust (TFT) and SECID. The companies that comprise the BOLFOR Group were identified through an exhaustive diagnosis of Bolivian companies that export or have the capacity to export forest products. To better understand the European and the American markets and plan the promotion of the BOLFOR Group, the project carried out studies of these markets for several important forest products. Additionally, the project established an affiliation with the International Wood Products Association that is expected to provide a new source of market intelligence as well as contacts with potential international clients.

With a Europe-based partner (TFT), the project has been able to establish a presence within its primary target market. This novel aspect of the project's design allows BOLFOR II to have an up-to-date working understanding of the European market and facilitate an on-going dialogue between the member companies of the BOLFOR Group and key players in the European market. Through TFT, BOLFOR II carried out market interviews and discussions with trade associations, importers, and producers of finished forest products in six European companies. This research and the presence of the project in Europe are giving BOLFOR II an unprecedented inside view of the European market and the opportunity to tailor its export promotions accordingly. By the end of 2004, the project's efforts to promote the entry of Bolivian exporters into niche markets produced positive results, including around twenty requests for price quotes and technical product information for timber, flooring, doors, plywood, and veneers.

Part of the project's efforts to facilitate greater participation of Bolivian producers in world markets involves the development and distribution of reliable and up-to-date market intelligence to Bolivian producers. The project produced and distributed, in electronic and printed copies, several market studies that analyzed the current opportunities and future prospects for Bolivian products in global markets. When the project's Internet site was launched, these studies and other market intelligence, including a vast array of relevant links to market resources, were uploaded and made available to the broader public. These and the project's other market tools and informational services are collectively filling significant informational gaps that have traditionally limited Bolivian companies' knowledge and familiarity with market conditions and opportunities.

The project's Bolivia-based staff coordinated efforts related to the development and dissemination of US market information. During December, the project visited five Bolivian companies in Santa Cruz and Cochabamba and provided them with the findings of two extensive reports developed by BOLFOR II on marketing prefabricated doors as well as veneer and plywood in the US. These reports addressed market potential and characteristics, competition, recommended marketing strategies, and technical norms for these different products. In meetings with company representatives, BOLFOR II shared trade leads and provided an update on the project's marketing and prospecting activities in the US since August. These efforts with individual producers were complemented by two workshops in La Paz and Santa Cruz on international marketing and US market perspectives for Bolivian timber and wood products. These seminars served different local stakeholders in the public and private sectors, and other bilateral and multilateral organizations supporting the forestry sector.

In the area of investment promotion, the project established contacts with the principal institutions dedicated to developing investment and market promotion activities, including major financial institutions and development funds. Under the auspices of a cooperative agreement signed between BOLFOR II and Fundación para la Producción (FUNDAPRO), the project played a significant role in one of the most significant recent investment projects for the sector, a wood storage and drying facility (CAM - *centro de acopio de maderas*) in the town of Riberalta. BOLFOR II provided technical assistance in improving the proposed project's financial model, and therefore boosted its chances for securing investment. Parallel to these activities, BOLFOR II staff from CADEFOR and TNC participated regularly in the meetings of the departmental committee for competitiveness (CDC) of the forestry sector in Santa Cruz.

During the last quarter of the year, the project consulted with Bolivian company managers, potential investors, institutional representatives, and other principal stakeholders in order to develop a common vision for the project's strategies and activities to be pursued to promote exports and investments in the forestry sector. These consultations produced an agreement on the inclusion of stakeholder recommendations in the 2005 work plan and specifically the project's efforts to define a National Marketing Strategy.

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## V. ACRONYMS AND ABBREVIATIONS

**ASL:** Agrupación Social del Lugar (Local Social Group)

**BOLFOR (I and II):** Bolivia Sustainable Forest Management Project (Proyecto de Manejo Forestal Sostenible)

**CADEFOR:** Centro Amazónico de Desarrollo Forestal (Amazonian Center for Forest Development)

**CAM:** Centro de Acopio de Maderas

**CATIE:** Centro Agronómico Tropical de Investigación y Enseñanza

**CDC:** Consejo Departamental de Competitividad (Departmental Competitiveness Committee)

**CFB:** Cámara Forestal de Bolivia (Forestry Chamber of Bolivia)

**CFV:** Consejo Boliviano para la Certificación Forestal Voluntaria (Bolivian Council for Voluntary Forestry Certification)

**CPC:** Centro para Programas de Comunicación Bolivia (Center for Communication Programs Bolivia)

**DGDF:** Dirección General de Desarrollo Forestal (General Forest Directorate)

**DS:** Decreto supremo (supreme decree)

**EA:** environmental assessment

**FJMPANDO:** Fundación José Manuel Pando (José Manuel Pando Foundation)

**FUNDAPRO:** Fundación para la Producción

**IBIF:** Instituto Boliviano de Investigación Forestal (Bolivian Forestry Research Institute)

**INRA:** Instituto Nacional de la Reforma Agraria (National Institute of Agrarian Reform)

**MDS:** Ministerio de Desarrollo Sostenible (Ministry of Sustainable Development)

**NGO:** Non-governmental organization

**PGMF:** Plan General de Manejo Forestal (General Forest Management Plan)

**SECID:** The South-East Consortium for International Development

**SERNAP:** Servicio Nacional de Areas Protegidas (National Protected Areas Service) System)

**TCO:** Tierras Comunitarias de Origen (Indigenous Territory, indigenous community groups)

**TFT:** Tropical Forest Trust

**TNC:** The Nature Conservancy

**USAID:** United States Agency for International Development

**VRNMA:** Viceministerio de Recursos Naturales y del Medio Ambiente (Vice Ministry of Natural Resources and the Environment)

**WWF:** World Wildlife Fund